



Tranche-at-a-Glance Report

PUBLIC

Project Number: 49107-010
MFF Number: 0105
October 2022

India: Tamil Nadu Urban Flagship Investment Program (Tranche 3)

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Asian Development Bank

TRANCHE AT A GLANCE

1. Basic Data		Project Number: 49107-010	
Project Name	Tamil Nadu Urban Flagship Investment Program Tranche 3	Department/Division	SARD/SAUW
Country	India	Executing Agency	Municipal Administration and Water Supply Dep't, Tamil Nadu Urban Infrastructure Financial Services Ltd.
Borrower	India		
Country Economic Indicators	https://www.adb.org/Documents/LinkedDocs/?id=49107-010-CEI		
Portfolio at a Glance	https://www.adb.org/Documents/LinkedDocs/?id=49107-010-PortAtaGlance		
2. Sector		ADB Financing (\$ million)	
✓ Water and other urban infrastructure and services	Urban flood protection		8.900
	Urban sewerage		80.500
	Urban water supply		35.600
		Total	125.000
3. Operational Priorities		Climate Change Information	
✓ OP2: Accelerating progress in gender equality		GHG reductions (tons per annum)	10,178
✓ OP3: Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability		Climate Change impact on the Project	Medium
✓ OP4: Making cities more livable			
		ADB Financing	
		Adaptation (\$ million)	32.750
		Mitigation (\$ million)	31.320
		Cofinancing	
		Adaptation (\$ million)	0.000
		Mitigation (\$ million)	0.000
Sustainable Development Goals		Gender Equity and Mainstreaming	
SDG 5.5		Effective gender mainstreaming (EGM)	✓
SDG 6.1, 6.2, 6.3			
SDG 11.1, 11.5, 11.b			
SDG 13.a			
4. Risk Categorization: Low		Poverty Targeting	
		General Intervention on Poverty	✓
5. Safeguard Categorization Environment: B Involuntary Resettlement: B Indigenous Peoples: C			
6. Financing			
Modality and Sources		Amount (\$ million)	
ADB		125.000	
Sovereign MFF-Tranche (Regular Loan): Ordinary capital resources		125.000	
Cofinancing		0.000	
None		0.000	
Counterpart		68.500	
Government		68.500	
		Total	193.500
Currency of ADB Financing: US Dollar			

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Date of Receipt by ADB of PFR: 22 June 2022

Tranche Number: 3

7. Country Operations Business Plan

CPS

<https://www.adb.org/sites/default/files/institutional-document/363331/cps-ind-2018-2022.pdf>

COBP

<https://www.adb.org/sites/default/files/institutional-document/525321/cobp-ind-2020-2022.pdf>

8. Tranche Summary

The proposed project is the third tranche of the Tamil Nadu Urban flagship Program, which will develop priority water supply, sewerage, and drainage infrastructure in strategic industrial corridors in Tamil Nadu.

Impact: (i) Universal access to basic water and sanitation services achieved (Vision Tamil Nadu 2023).

(ii) World-class cities and industrial corridors across the state developed (Vision Tamil Nadu 2023).

(iii) Water security and reduced vulnerability to climate change in urban areas (Tamil Nadu Sustainable Water Security Mission, State Action Plan on Climate Change).

Outcome: Livability and climate resilience in selected cities in priority industrial corridors enhanced.

Outputs: (i) Climate resilient sewage collection and treatment, and drainage system developed in two (2) cities (Coimbatore and Thoothukudi), (ii) Water supply systems in one (1) city (Madurai) improved with smart features., and (iii) Institutional capacity, public awareness, and urban governance strengthened.

Implementation Arrangements: Municipal Administration and Water Supply Dep't and Tamil Nadu Urban Infrastructure Financial Services Ltd. will be the executing agencies.

Project Readiness: Project readiness is on track: (i) out of the three packages that reached the price bid evaluation stage, one package totaling 30% of civil works cost is ready for contract award and the rest are under price negotiations. The total cost of these three packages is about 65% of the project cost, (ii) invitation for bids for one additional package published in June 2022, (iii) publication of invitations for bids for the remaining works packages expected by December 2022, (iv) the program management unit and program implementation units (PIUs) staffed, and (v) all contract management and supervision consultants in place.

9. Significant Developments in the MFF and Previous Tranches

The 2021 MFF rating is on track, while projects 1 and 2 are for attention as of the first quarter of 2022 mainly because of delays caused by the coronavirus disease (COVID-19) pandemic. Project 1 is progressing with (i) contract award of \$157.3 million (93.0%), (ii) disbursement of \$60.4 million (35.7%), and (iii) overall physical progress of 45% against 63% time elapsed. Project 2 is progressing with (i) contract award of \$185.0 million (91.0%), (ii) disbursement of \$57.4 million (28.0%), and (iii) overall physical progress of 32% against 33% time elapsed. The startup of the urban governance improvement component (output 3) was severely affected by the COVID-19 pandemic. Nonetheless, it is now on track, and a performance-based incentive grant of \$2.2 million was paid from Project 1 for achieving the targets of preparing audited accounts on time and filling key staff positions in the urban local bodies (ULBs) for the 2018-2019 and 2019-2020 performance years.

The \$2 million Asian Clean Energy Fund grant will be used to develop a solar facility for the Coimbatore STP. The works are ongoing and are expected to be completed by December 2022. The \$1 million TA grant (TASF-other sources), which is expected to close by the end of 2022, will strengthen the capacity of the Directorate of Municipal Administration (DMA) and ULBs to improve urban governance and service delivery. A consulting firm is on board and is building the capacity of the newly established Project Management and Design Center within DMA.

The loan agreement for Project 1 was signed on 16 November 2018. Out of the 23 covenants under Project 1, (i) 20 are either complied with or being complied with, (ii) 2 are not yet due, and (iii) 1 was delayed by the COVID-19 pandemic. The delayed covenant which is the approval and implementation of plans for revenue enhancement and cost reduction by ULBs will be complied with before the closure of Project 1. For Project 2, the loan agreement was signed on 2 December 2019. Of the 23 covenants under Project 2, (i) 21 are being complied with, including those related to audits, financial sustainability, implementation arrangements, subproject selection criteria, counterpart funds, project accounts, procurement, anticorruption measures, reporting, and safeguards; and (ii) 2 are not yet due. ADB is closely monitoring compliance. All undertakings of the framework financing agreement are being complied with, including the state's commitment to implementing the Program. The executing agency also demonstrated the capacity and commitment to comply with ADB safeguard requirements. The grievance redress system and gender action plans are being implemented adequately.

10. Milestones

Estimated Approval

18 November 2022

Estimated Completion^a

30 June 2026

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11. Linked Documents

	Required Document	Disclosure Date
Tranche	Draft Periodic Financing Request Report	
Weblink:	http://www.adb.org/Documents/LinkedDocs/?id=49107-010-DraftPFRR	The Final PFR Report is disclosed upon approval
(i) Environment	IEE - Initial Environment Examination	
Weblink:	https://www.adb.org/projects/documents/ind-49107-010-iee-0	06-JUN-2022
	IEE - Initial Environment Examination	
	https://www.adb.org/projects/documents/ind-49107-010-iee	06-JUN-2022
	IEE - Initial Environment Examination	
	https://www.adb.org/projects/documents/ind-49107-010-iee-1	06-JUN-2022
(ii) Involuntary resettlement	RP - Resettlement Plan	
Weblink:	https://www.adb.org/projects/documents/ind-49107-010-rp-0	06-JUN-2022
	RP - Resettlement Plan	
	https://www.adb.org/projects/documents/ind-49107-010-rp	06-JUN-2022
	RP - Resettlement Plan	
	https://www.adb.org/projects/documents/ind-49107-010-rp-1	06-JUN-2022

^a For Tranches, this refers to the financial closing date.